



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0467	Title:	University system bonding for new buildings
Primary Sponsor:	McAlpin, Dave	Status:	As Introduced

- | | | |
|-----------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------------|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$881,393	\$2,560,528	\$4,775,972	\$6,072,919
Current Unrestricted MUS funds	\$0	\$23,820	\$58,439	\$79,575
Bond Proceeds	\$3,305,000	\$12,350,000	\$23,170,000	\$15,450,000
Revenue:				
Bond Proceeds	\$22,000,000	\$22,000,000	\$22,000,000	\$0
Net Impact-General Fund Balance:	<u>(\$881,393)</u>	<u>(\$2,560,528)</u>	<u>(\$4,775,972)</u>	<u>(\$6,072,919)</u>

Description of fiscal impact: Use of general obligation bonds for authority to build university system projects.

FISCAL ANALYSIS

Assumptions:

1. There will be three \$22 million bond issuances with 20 year terms.
2. Bond proceeds will be deposited into a capital projects fund.
3. Debt service and bond issuance costs will be paid by the general fund.
4. Interest rates will be 3.8525 % for the Series 2009, 3.998 % for the Series 2010, and 4.1297 % for the Series 2011.
5. Any underwriters discount will be offset by a reoffering premium.

6. Debt service costs on the bond repayment schedule are shown on the chart below.

	FY2010	FY 2011	FY 2012	FY 2013
Series 2009	781,393	1,562,103	1,565,503	1,558,553
Series 2010	0	789,183	1,582,850	1,581,450
Series 2011	0	0	801,568	1,602,803
Total	781,393	2,351,286	3,949,921	4,742,805

7. Bond issuance costs will be \$100,000 for each issuance.

8. Bonding authority needs a 2/3 vote of each house of the legislature for passage.

Missoula College of Technology (COT)

9. Missoula COT New Facility South Campus project will cover only phase I. for \$32,000,000. The new facility will be approximately a 104,000 square foot for a new addition to the south campus in Missoula.

10. Due to the new facility an additional amount of new 9.64 FTE will be required to maintain the facility.

Montana State University Agricultural Research and Extension Station (AES)

11. Montana AES will be constructing a new Ag Research and Teaching Facility for \$5,000,000.

12. Due to the new facility an additional amount of new 1.49 FTE will be required to maintain the facility.

Montana State University - Bozeman

13. MSU Reserve Officer Training Corps (ROTC) will construct a new Field Facility for \$1,250,000.

14. Due to the new facility an additional amount of new 0.60 FTE will be required to maintain the facility.

Montana State University - Billings

15. MSU Billings renovate/construct the science building for \$12,000,000.

16. Due to the new facility an additional amount of new 1.30 FTE will be required to maintain the facility.

Montana State University - Havre

17. MSU - Havre renovate the Auto Tech Center for \$4,750,000.

18. Due to the new facility an additional amount of new 0.05 FTE will be required to maintain the facility.

University of Montana - Western

19. Uof M – Western renovate the Main Hall for \$6,000,000.

20. Due to the new facility an additional amount of new 0.23 FTE will be required to maintain the facility.

University of Montana – Montana Tech

21. U of M – Montana Tech Phase II Petroleum building for \$4,500,000.

Operations and Maintenance Costs (O&M)

22. The following chart shows the cost of O&M for each project. The Missoula COT (phase I) project will not show the whole cost of the O&M until the 2015 Biennium.

Project	Completion Date	Proposed Cost	Sq. FT. New	Sq FT Renov.	FTE	Personal Expenses		
						FY 2011	FY 2012	FY 2013
Missoula COT, Phase 1	Jul-12	\$32,500,000	104,000		9.64	\$0	\$0	\$560,579
MT Ag Ext Service, Ag Research	Jan-11	\$5,000,000	20,000		1.49	\$39,500	\$84,400	\$84,400
MSU-Billings, Science Building	Aug-11	\$12,000,000	20,000	50,000	1.30	\$0	\$65,000	\$65,000
MSU-Northern, Auto Technical	Jan-11	\$4,750,000	22,400		0.50	\$896	\$1,792	\$1,792
UofM-Western, Main Hall	Jul-11	\$6,000,000		84,696	0.23		\$12,848	\$12,848
MSU-Bozeman, ROTC Building	Jan-11	\$1,250,000	8,000		0.60	\$15,800	\$33,760	\$33,760
UofM-Montana Tech	Jan-11	\$4,500,000	1,000	21,946	0.00	\$0	\$0	\$0
Total Future O&M Costs:		\$66,000,000	175,400	156,642	13.76	\$56,196	\$197,800	\$758,379

Future Operations and Maintenance for Proposed University System Bonding Bill

Project	New O&M-Total			New State Portion O&M- Total			2015 Bien	
	FY 2011	FY 2012	FY 2013	FY 2011	FY 2012	FY 2013	New O&M	State Portion New O&M
Missoula COT, Phase 1	\$0	\$0	\$469,955	\$0	\$0	\$451,157	\$1,955,014	\$1,876,813
MT Ag Ext Service, Ag Research	\$119,100	\$238,200	\$247,728	\$95,280	\$190,560	\$198,182	\$515,274	\$412,219
MSU-Billings, Science Building	\$0	\$361,600	\$376,064	\$0	\$361,600	\$376,064	\$782,213	\$782,213
MSU-Northern, Auto Technical	\$7,392	\$15,375	\$15,990	\$7,392	\$15,375	\$15,990	\$31,981	\$31,981
UofM-Western, Main Hall	\$0	\$43,195	\$44,923	\$0	\$32,396	\$33,692	\$91,643	\$68,732
MSU-Bozeman, ROTC Building	\$0	\$119,100	\$247,728	\$0	\$119,100	\$247,728	\$160,942	\$160,942
UofM-Montana Tech	\$6,570	\$7,020	\$7,301	\$6,570	\$7,020	\$7,301	\$32,526	\$32,526
Total Future O&M Costs:	\$133,062	\$784,490	\$1,409,689	\$109,242	\$726,051	\$1,330,114	\$3,569,593	\$3,365,427

* Note that O&M costs are increased by 4% annually for inflationary effects

	FY 2010 Difference	FY 2011 Difference	FY 2012 Difference	FY 2013 Difference
<u>Fiscal Impact:</u>				
<u>FTE:</u>		2.59	4.12	13.76
<u>Expenditures:</u>				
Personal Expenses		\$56,196	\$197,800	\$758,379
State Portion of Operations and Maintenance				
U of M- Missoula COT	\$0	\$0	\$0	\$469,955
MSU Agricultural Extension Service	\$0	\$119,100	\$238,200	\$247,728
MSU - Billings	\$0	\$0	\$361,600	\$376,064
MSU - Northern	\$0	\$7,392	\$15,375	\$15,990
Uof M - Western	\$0	\$0	\$43,195	\$44,923
MSU - Bozeman	\$0	\$0	\$119,100	\$247,728
U of M - Montana Tech	\$0	\$6,570	\$7,020	\$7,301
Total Operations and Maintenance	\$0	\$133,062	\$784,490	\$1,409,689
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$109,242	\$726,051	\$1,330,114
Current Unrestricted MUS funds(31)	\$0	\$23,820	\$58,439	\$79,575
TOTAL Funding of Exp.	\$0	\$133,062	\$784,490	\$1,409,689
Department of Administration				
Construction	\$3,305,000	\$12,350,000	\$23,170,000	\$15,450,000
Bond Debt Service	\$881,393	\$2,451,286	\$4,049,921	\$4,742,805
TOTAL Expenditures	\$4,186,393	\$14,801,286	\$27,219,921	\$20,192,805
<u>Funding of Expenditures:</u>				
General Fund (01)	\$881,393	\$2,451,286	\$4,049,921	\$4,742,805
Bond Proceeds	\$3,305,000	\$12,350,000	\$23,170,000	\$15,450,000
TOTAL Funding of Exp.	\$4,186,393	\$14,801,286	\$27,219,921	\$20,192,805
<u>Revenues:</u>				
Bond Proceeds	\$22,000,000	\$22,000,000	\$22,000,000	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$881,393)	(\$2,560,528)	(\$4,775,972)	(\$6,072,919)
Current Unrestricted MUS funds(31)	\$0	(\$23,820)	(\$58,439)	(\$79,575)

 Sponsor's Initials

 Date

 Budget Director's Initials

 Date